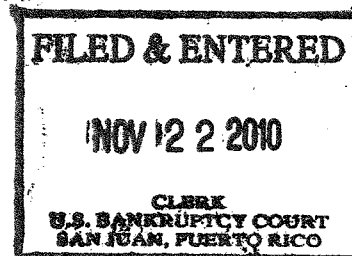


UNITED STATES BANKRUPTCY COURT
DISTRICT OF PUERTO RICO



In re:

HOSPITAL DAMAS, INC.,

Debtor.

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Chapter 11

Case No. 10-08844 (MCF)

**ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION
OF KILPATRICK STOCKTON LLP AND EDGARDO MUÑOZ, PSC
AS ATTORNEYS FOR THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF HOSPITAL DAMAS, INC.**

This matter is before the Court upon: (i) the Application of the Official Committee of Unsecured Creditors of Hospital Damas, Inc. for Entry of an Order Authorizing the Employment and Retention of Kilpatrick Stockton LLP as its Attorneys [Docket No. 84] (the "KS Application"), filed by the Official Committee of Unsecured Creditors (the "Committee") on October 18, 2010, pursuant to sections 328 and 1103 of Title 11 of the United States Code (the "Bankruptcy Code"), and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"); (ii) the Application for Approval of Employment of Local Counsel for the Unsecured Creditors Committee [Docket No. 85] (the "Muñoz Application" and together with the KS Application, the "Applications") filed by the Committee on October 19, 2010; (iii) the Initial Objection to Appointment of Kilpatrick Stockton, as Counsel for the Creditors Committee and as to its Participation at Hearings [Docket No. 83] (the "Debtor's Objection") filed by the Debtor on October 18, 2010; (iv) the Creditor's (Infomedika, Inc.) Opposition to Application for Employment and Retention of Kilpatrick Stockton LLP [Docket No. 88] (the "Infomedika Objection") filed by Infomedika, Inc. on October 19, 2010; (v) and the Objection to the

“Application of the Official Committee of Unsecured Creditors for Entry of an Order Authorizing the Employment and Retention of Kilpatrick Stockton LLP as its Attorneys (Docket No. 84) [Docket No. 116] (the “BPPR Objection”) filed by Banco Popular de Puerto Rico (“BPPR”) on October 27, 2010.

In the Applications, the Committee seeks authority to retain and employ Kilpatrick Stockton LLP (“Kilpatrick Stockton”) as its attorneys and Edgardo Muñoz, PSC (“Muñoz”) as its local counsel. Notwithstanding anything to the contrary in the Applications, the Applications are being submitted and approval requested thereon pursuant to Section 330 of the Bankruptcy Code. Upon the representations that, while employed by the Committee, Kilpatrick Stockton and Muñoz do not represent any other entity having an adverse interest in connection with the chapter 11 case in accordance with section 1103(b) of the Bankruptcy Code, and that Kilpatrick Stockton and Muñoz have disclosed any connections with parties set forth in Rule 2014 of the Bankruptcy Rules and Local Rule 2014-1; and it appearing that the relief requested in the Applications is in the best interest of the Committee and the Debtor’s estate, and the Court having jurisdiction to consider the Applications and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and considering that the Applications and the relief requested therein are core proceedings pursuant to 28 U.S.C. § 157(b), and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409, and having reviewed the KS Application and the accompanying Affidavit of Todd C. Meyers in Support of the Application of the Official Committee of Unsecured Creditors of Hospital Damas, Inc. for Entry of An Order Authorizing the Employment and Retention of Kilpatrick Stockton LLP As Its Attorneys and the Muñoz Application and the accompanying Verified Statement of Attorney, the Court finds and determines that Kilpatrick Stockton and Muñoz do not represent any other entity having an

adverse interest in connection with the chapter 11 case in accordance with section 1103(b) of the Bankruptcy Code.

Due and proper notice of the Applications having been provided, and it appearing that no other or further notice is necessary or required, and the Court having reviewed the Applications and having considered the statements in support of the relief requested therein at a hearing held on October 28, 2010 (the "Hearing"), including the stipulation between Kilpatrick Stockton, Muñoz, the Committee, the Debtor, Infomedika and BPPR resolving the Debtor's Objection, the Infomedika Objection, and the BPPR Objection and causing the same to be withdrawn, and the Court having determined that the legal and factual bases set forth in the Applications and at the Hearing establish just cause for the relief granted herein, and upon all of the proceedings had before the Court, and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Applications are GRANTED as set forth herein and any objections to the Applications, to the extent not withdrawn, are OVERRULED.

2. Pursuant to sections 328, 330 and 1103(a) of the Bankruptcy Code, Rule 2014 of the Bankruptcy Rules, and Local Rule 2014-1, the Committee is authorized to employ and retain Kilpatrick Stockton as its counsel and Muñoz as its local counsel in this chapter 11 case, with such employment being effective October 13, 2010.

3. Kilpatrick Stockton and Muñoz are authorized to render professional services to the Committee in connection with this chapter 11 case, as described in the Applications, that may include, but shall not be limited to, the following services:

- a. rendering legal advice regarding the Committee's organization, duties and powers in this case;

- b. assisting the Committee in its investigation of the acts, conduct, assets, liabilities and financial condition of the Debtor, including investigation of the validity of the pre-petition liens and claims of BPPR, and any other matters relevant to this case or the formulation and analysis of any plan of reorganization or plan of liquidation;
- c. attending meetings of the Committee and meetings with the Debtor, its attorneys and other professionals, as requested by the Committee;
- d. representing the Committee in hearings before the Court;
- e. assisting the Committee in preparing all necessary motions, applications, responses, reports and other pleadings in connection with the administration of this case; and
- f. providing such other legal assistance as the Committee may deem necessary and appropriate.

4. Notwithstanding, the foregoing, (and without BPPR, Infomedika, or the Debtor waiving any rights as indicated in paragraph 7 hereof), Kilpatrick Stockton stipulates that no more than one Kilpatrick Stockton attorney will charge the estate (or BPPR) for attendance at hearings (in addition to local counsel), except when the Committee reasonably expects a hearing to be a contested evidentiary hearing, in which case this limitation shall not apply. Kilpatrick Stockton also agrees that it shall not charge the estate (nor BPPR) for any expenses and/or costs relating to travel to Puerto Rico and that disbursements from estate funds to Kilpatrick Stockton and Muñoz for fees and reimbursement of expenses will not exceed \$120,000.00 during the six (6) month period as of the effective date of their appointment as counsel for the Creditors Committee, as set forth in Debtor's revised budget, attached as Exhibit 1 to the proposed Order Authorizing Debtor

To Obtain Postpetition Senior Secured Financing, Use Of Cash Collateral, And Provide Adequate Protection (unless otherwise provided pursuant to a plan or unless the budget is amended).

5. Kilpatrick Stockton and Muñoz shall apply for compensation for professional services rendered and reimbursement of expenses incurred in connection with this chapter 11 case in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the United States Trustee Guidelines, and any other applicable procedures and orders of this Court. Any applications for compensation of Kilpatrick Stockton and Muñoz shall be submitted and subject to objections and Court review pursuant to sections 330 and 331 of the Bankruptcy Code, except that Kilpatrick Stockton and Muñoz are entitled to file interim fee applications every sixty days, beginning sixty days from the effective date of their employment.

6. The Court, by approving the Applications, does not approve or make any determination as to the reasonableness or appropriateness of the economic terms of the retention, monetary terms of condition of employment, the fees, expenses, and/or hourly rates proposed by Kilpatrick Stockton in the KS Application nor those proposed by Muñoz in the Muñoz Application.

7. BPPR, Infomedika, and the Debtor expressly reserve any and all rights, defenses, claims and objections relating to the reasonableness and/or appropriateness of the economic terms of the retention, monetary conditions of employment, fees, expenses, duplicative work and/or hourly rates of each of Kilpatrick Stockton and Muñoz or for any other valid reason, and can assert any such right, defense, claim, and/or objection in response to any interim or final application for compensation filed by either Kilpatrick Stockton or Muñoz. Nothing in this Order shall be deemed a determination that an objection on the forgoing grounds is valid or invalid.

8. Notice of the Applications as provided therein shall be deemed good and sufficient notice of such Applications and the requirements of the Bankruptcy Rules and the Local Bankruptcy Rules are satisfied by such notice.

9. This Court shall retain jurisdiction over any and all issues arising from or related to the implementation and interpretation of this Order.

Dated: November 23, 2010

Mildred Cabán
United States Bankruptcy Judge

CONSENTED TO BY:

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